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SUBJECT: FAYYAD DISCUSS WEST BANK ECONOMY, SECURITY AND  
POLITICS WITH CODEL CORKER

REF: JERUSALEM 1245

Classified By: Consul General Jake Walles for reasons 1.4 (b,d).

Summary

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11. (C) On July 18, Palestinian Authority (PA) Prime Minister Salam Fayyad told CODEL Corker that security and socio-economic conditions had improved in the West Bank, while the humanitarian situation in Gaza continued to deteriorate. Fayyad recounted the risky but successful strategy he pursued in the PA's West Bank security campaign. He also urged Washington to hold both sides - Israeli and Palestinian - to "a higher standard of accountability." End Summary.

Security Gains Key to Economic Revival

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12. (C) In a July 18 meeting with CODEL Corker and the Consul General, PM Salam Fayyad was animated about socio-economic improvements in the West Bank. He said that the Nablus shopping festival held earlier that day (reftel), which inaugurated a cinema and recreational facility with Olympic-sized pool, would have been "unimaginable" two years earlier. "The beautiful thing about Nablus," he said, "is it happened. It's not theory." He noted that future economic growth depends on easing Israeli access and movement restrictions - which created uncertainty for the private sector - and weaning the PA off foreign aid. On the last point, he noted ruefully that he had asked for a lower level of external assistance this year for the PA, but now "we are not getting even that."

13. (C) Fayyad maintained that security improvements in the West Bank are critical to economic revival, pointing to PA Security Forces (PASF) campaigns that began in Nablus in November 2007. He said the security situation in the West Bank in 2007 was "really on the ropes" following the Hamas coup in Gaza, and that the West Bank could easily have fallen to Hamas. Hebron was plagued by murder and extortion, he said, and "there was a degree of public sympathy" for the perpetrators, due to the fact that many had participated in the Second Intifada, "and had for a long time been presented as heroes."

14. (C) Fayyad credited a strict "no tolerance" of violence approach by PASF for the improvement in security, citing his risky decision to start the 2007 PASF security campaign in Nablus (then the most dangerous city in the West Bank) as a turning point. He joked that, at the time, he was "running scared," and "didn't have much time to think about anything -- the house was on fire." He described his approach as "throw everything at it, and if we succeed, capitalize on

that." He noted with satisfaction that initial gains in Nablus in 2007 had "created a sense of inevitability" that fueled the subsequent success of the security campaign throughout the West Bank.

#### Countering Hamas: Elections and Gaza

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15. (C) Fayyad recommended that Fatah and its allies seek elections in 2010, saying "we have to have elections in 2010 - and we have to make our luck, because we are not ahead by 50 points". "There are two things Palestinians dislike," he argued, "the guy who creates divisions and separations, and the guy who is seen as someone who does not want elections." Hamas, Fayyad estimated, is not interested in trying its chances at the polls - and so Fatah "needs to make Hamas out to be the ones who do not want elections. Their acceptance is not very likely. And if they refuse, they lose." However asked whether elections would in fact be held in 2010, Fayyad said he considered it unlikely.

16. (C) Fayyad was critical of current GOI policy on Gaza. "The siege (of Gaza) has consequences," he said, "but they are wrong, totally unintended. Hamas is getting richer -- it controls the tunnels, collects taxes." If the siege were lifted, he noted, the PA could collect the revenues that currently enrich its rival. He contended that "the siege is making Hamas more relevant to its people. They depend on it for their needs." Hamas, he said, "lives off miserable people, projecting the image of the victim. The leadership gets gas, the food they need. If 1.5 million Palestinians don't, that's fine by them."

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17. (C) Asked by the CODEL what message he would like to send to Washington, Fayyad cited the need for "a higher standard of accountability." "We entered into an agreement," he said, "to increase security (on the PA's side), stop settlement activity (on the Israeli side). Hold us both accountable."

18. (C) CODEL Corker did not have the opportunity to clear this message.  
WALLES